

Message Text

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PAGE 01 DHAHRA 00514 200833Z
ACTION NEA-10

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TO SECSTATE WASHDC IMMEDIATE 6184
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UNCLAS DHAHRAN 0514

E.O. 11652: N/A
TAGS: BDIS, US, SA
SUBJECT: COLLINS DISPUTE

REF: STATE 099595

1. SENATOR DE CONCINI INTERESTED.

2. ON 19 APRIL CONSUL GENERAL AND CONSOFFS MET
WITH MR. HOHN S. COLLINS, MR. CHARLES EMMONS, AND MR. BRUCE WILSON
OF COLLINS INT'L LTD. AT THAT MEETING, MR. COLLINS AND HIS
ASSOCIATES INFORMED CONSULATE PERSONNEL FOR THE FIRST TIME OF
THEIR LONG STANDING DISPUTE WITH THEIR SAUDI JOINT VENTURE
PARTNER, MR. AHMAD OMAR ALI.

2. FOR THE PAST SEVERAL MONTHS MR.
COLLINS AND HIS COMPANY HAVE BEEN ATTEMPTING TO EXTRICATE THEM-
SELVES FROM THEIR BUSINESS RELATIONSHIP WITH MR. ALI WHICH CONSISTED
OF TWO SEPARATE ENTERPRISES, ONE A DEALERSHIP AND THE OTHER A
CONTRACTING COMPANY. DURING THE MONTHS OF BARGAINING TO FIRM UP
THESE COMPANIES, COLLINS INT'L HAS MADE A CONSIDERABLE CAPITAL
INVESTMENT WHICH HAS NOT BEEN MATCHED BY MR. ALI. UNDER MR. ALI'S
SPONSORSHIP COLLINS INT'L BEGAN OPERATIONS HERE ON SEVERAL
PROJECTS. THE COLLINS-ALI JOINT VENTURE APPLIED FOR BUT DID NOT
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RECEIVE OFFICIAL REGISTRATION WITH SAG. NOW THAT THE DISSOLUTION OF
THE JOINT VENTURE IS IMMINENT, IF NOT A PRESENT REALITY,
MR. ALI HAS LODGED CRIMINAL CHARGES AGAINST THESE THREE AMERICAN
OFFICERS OF COLLINS CLAIMING THAT THE GROSS RECEIPTS OF BOTH
BUSINESSES (NOW SOME 5 MILLION SAUDI RIALS) HAVE BEEN WRONGFULLY
APPROPRIATED BY COLLINS INT'L. MR. ALI'S CONTENTION IS BASED ON THE
FACT THAT COLLINS HAS AT NO TIME BEEN A LEGALLY REGISTERED COMPANY

HERE AND THAT ALL SALES AND CONTRACT RECEITPS SHOULD RIGHTFULLY HAVE GONE TO MR. ALI'S PRIVATE FIRM, ALTHOUGH ALI HAS MADE LITTLE OR NO CAPTIAL INVESTMENT IN EITHER ENTERPRISE.

3. WHILE PRESENT INFORMATION INDICATES THAT THESE CRIMINAL CHARGES WILL BE DISMISSED BY LOCAL POLICE, THE PASSPORTS OF ALLTHREE MEN ARE BEING HELD PENDING CONCLUSION OF THE POLICE INVESTIGATION INITIATED 12 APRIL. NONE OF THE THREE AMICTS HAS BEEN INCARCERATED AT ANY TIME, BECAUSE OF A 5 MILLION RIAL BOND POSTED ON THEIR BEHALF BY A PROSPECTIVE SAUDI JOINT VENTURE PARTNER. ALTHOUGH COLLINS INT'L HAS BEEN ANXIOUS TO PLACE THE ENTIRE MATTER BEFORE THE LOCAL TRIBUNAL FOR THE SETTLEMENT OF COMMERCIAL DISPUTES. MR. ALI HAS SYSTEMATICALLY DELAYED THE SETTING OF A DATE FOR HEARINGS. UNTIL THIS DISPUTE CAN BE SETTLED, EITHER WITHIN THE FRAMEWORK OF THE LOCAL TRIBUNAL OR PRIVATELY, COLLINS INT'L WILL NOT BE ALLOWED TO CONDUCT ANY BUSINESS OR OPERATIONS LOCALLY AS THEY LACK LEGAL REGISTRATION OR SPONSORSHIP.

4. CONGEN IS MAKING EVERY EFFORT TO OBTAIN EARLIEST POSSIBLE HEARING DATE FOR COMMERCIAL DISPUTE BEFORE LOCAL REPS OF SAG MINISTRY OF COMMERCE. BECAUSE THE CRIMINAL CHARGES BROUGHT AGAINST THE MEN SEEMLORE APPROPRIATELY CONSIDERED A CIVIL COMPLAINT, POST ALSO PLANS TO EXPEDITE POLICE DISPOSITION OF THE CASE AND REFERRAL TO LOCAL COMMERCIAL TRIBUNAL. ON 22 APRIL CONSUL GENERAL HAS MEETING SCHEDULED WITH EMIR OF EASTERN PROVINCE ON AN UNRELATED MATTER, BUT PLANS TO ALSO LAY CASE BEFORE THE EMIR TO URGE
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THE SWIFTEST POSSIBLE RESOLUTION. POST WILL ADVISE OF ALL SIGNIFICANT DEVELOPMENTS.
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